

Message Text

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ACTION EUR-25

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RSC-01 TRSE-00 AEC-11 CIAE-00 COME-00 AID-20 CEA-02

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TAGS:

SUBJECT: EXPORT CONTROLS-STATEMENT MADE BY SECGEN VAN LENNEP
TO OECD COUNCIL JULY 17

1. FOLLOWING IS TEXT OF ORAL STATEMENT BY SECGEN VAN
LENNEP TO OECD COUNCIL JULY 17 ON INTERNATIONAL
IMPLICATIONS OF EXPORT RESTRICTIONS ON CERTAIN ESSENTIAL
PRODUCTS: BEGIN TEXT

A. RECENT DEVELOPMENTS ON THE MARKET FOR CERTAIN
PRODUCTS, NOTABLY FOR FEEDSTUFF, HAVE BROUGHT ABOUT THE
IMPOSITION BY CERTAIN COUNTRIES OF QUANTITATIVE CONTROLS
ON EXPORTS.

B. THIS SITUATION ASSUMES GREAT IMPORTANCE FOR THE
MEMBER COUNTRIES OF OECD, NOT ONLY BECAUSE OF THE
REPERCUSSIONS WHICH THE PRESENT SCARCITY AND RELATED
MEASURES MAY HAVE ON MARKET SUPPLY AND PRICE LEVELS
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BUT ALSO BECAUSE OF THE CHAIN REACTIONS THAT INDIVIDUAL

COUNTRIES' PROTECTIVE MEASURES MAY SET IN TRAIN.

C. THE IMPOSITION OF QUANTITATIVE CONTROLS OF LIMITED DURATION ON EXPORTS OF A GIVEN COMMODITY MAY BE ACCEPTABLE ON BOTH NATIONAL AND INTERNATIONAL GROUNDS UNDER EXCEPTIONAL CIRCUMSTANCES. IT WOULD SEEM, HOWEVER, THAT AS A GENERAL RULE AND MORE PARTICULARLY IN THE PRESENT INTERNATIONAL ECONOMIC CONTEXT OF WIDESPREAD INFLATION AND CURRENCY UNCERTAINTY, PARTICULAR REGARD SHOULD BE PAID TO ENSURING THAT INTERNATIONAL CONSIDERATIONS ARE FULLY TAKEN INTO ACCOUNT. IF THERE WERE WIDESPREAD FEARS OF A GENERAL MOVE TOWARDS CONTROLS, THE EFFECT ON COMMODITY MARKETS ALREADY AFFECTED BY SPECULATIVE PURCHASES COULD BE VERY SERIOUS INDEED. SIMILARLY, ANY UNILATERAL MEASURES AFFECTING TRADE MAY APPEAR AS A DISTURBING FACTOR AT A TIME WHERE CONFIDENCE IN INTERNATIONAL CO-OPERATION IS MORE THAN EVERY NECESSARY IN ORDER TO RESTORE CALM IN FOREIGN EXCHANGE MARKETS. FINALLY, SUCH MOVES MAY ENCOURAGE PROTECTIONIST ELEMENTS IN OTHER COUNTRIES TO PRESS FOR SIMILAR MEASURES. THEREFORE THE NEGATIVE PSYCHOLOGICAL EFFECTS OF UNILATERAL MEASURES OF THIS SORT SHOULD RECEIVE AT LEAST EQUAL ATTENTION AS THE BENEFICIAL SHORT-TERM EFFECTS THAT MAY BE EXPECTED FROM THEIR APPLICATION.

D. FOR THESE REASONS IT IS IN THE GENERAL INTEREST THAT CRITICAL SUPPLY SITUATIONS FOR ESSENTIAL GOODS AND THE MEASURES WHICH VARIOUS COUNTRIES MIGHT BE INDUCED TO TAKE SHOULD BE DISCUSSED IN A MULTILATERAL FRAMEWORK. SUCH A DISCUSSION SHOULD BRING TOGETHER THE PRINCIPAL PRODUCING AND CONSUMING COUNTRIES.

E. THE TRADE COMMITTEE OF O.E.C.D. IS ENGAGING IN CONSULTATIONS ON THE TRADE MEASURES RECENTLY ADOPTED. IN ACCORDANCE WITH THE DECISIONS TAKEN BY THE MINISTERS OF AGRICULTURE IN APRIL, THE COMMITTEE FOR AGRICULTURE WILL REVIEW THE MARKET SITUATION AND DISCUSS MEASURES WHICH MIGHT BE TAKEN TO ALLEVIATE DIFFICULTIES.

F. I FEEL THAT THESE CONSULTATIONS SHOULD GO
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BEYOND A SIMPLE EXCHANGE OF INFORMATION AND OPINIONS. IN FACT, DUE TO THE PROFOUND CONSEQUENCES WHICH A SITUATION SUCH AS WE ARE FACING MAY ENTAIL FOR PRICING AND FOR THE PATTERN OF PRODUCTION AND TRADE, AND DUE ALSO TO THE RISKS WHICH IT IMPLIES FOR A STRENGTHENING OF PROTECTIONISM, IT SEEMS ESSENTIAL THAT THESE CONSULTATIONS SHOULD ASSUME THE CHARACTER OF A TRUE MULTILATERAL CONCERTATION AND SHOULD LEAD TO A

CONSENSUS OF THE BEST WAYS OF SOLVING PROBLEMS CONCERNING THE ALLOCATION OR USE OF ITEMS IN SHORT SUPPLY. ONE MIGHT EVEN ASK IF IT WOULD NOT BE ADVISABLE THAT THESE CONSULTATIONS SHOULD LEAD TO THE ELABORATION OF A SPECIFIC FRAMEWORK OF CONCERTATION FOR CASES OF THIS TYPE WHICH, UNDER CONDITIONS OF HIGH DEMAND, MIGHT POSSIBLY ARISE FOR OTHER ESSENTIAL PRODUCTS.

G. I AM DRAWING THE ATTENTION OF THE COUNCIL TO THIS IMPORTANT MATTER SO THAT APPROPRIATE INSTRUCTIONS BE GIVEN TO DELEGATES PARTICIPATING IN THE ABOVE CONSULTATIONS. IT WOULD BE DESIRABLE ALSO FOR THE COUNCIL TO REVERT TO THIS QUESTION AT AN APPROPRIATE TIME TO REVIEW DEVELOPMENTS IN THIS AREA." END TEXT.

2. MISSION COMMENT: SECRETARY GENERAL TOLD ME TODAY THAT HE HOPED THAT AT CONCIL MEETING JULY 20 PERMANENT REPS WILL GIVE THEIR FIRST REACTIONS TO FOREGOING DECLARATION. HE WOULD NOT EXPECT NECESSARILY ENDORSEMENT OF ALL STATEMENTS THEREIN, BUT OBVIOUSLY IS INTERESTED IN RECEIVING SUPPORT FOR IDEAS IN PENULTIMATE PARAGRAPH ABOUT MATTER OF CONSULTATIONS ON GOODS IN SHORT SUPPLY. I HAVE ALREADY TOLD HIM PRIVATELY, WITH REGARD THAT PARAGRAPH, THAT HIS DECLARATION REFLECTS UNDERSTANDABLE CONCERN FOR IMPLICATIONS OF CERTAIN GOVERNMENT INTERVENTION IN THE CONDUCT OF PRIVATE TRADE IN COMMODITIES, AND THAT ONE MUST BE VERY CAREFUL IN MULTILATERAL CONSULTATION NOT TO ERECT FURTHER GOVERNMENTAL MACHINERY THAN NECESSARY. HE AGREED WITH THAT COMMENT AND SAID IT IS CONSISTENT WITH HIS OWN DESIRE THAT MULTILATERAL MEASURES BE TEMPORARY AND SELECTIVE.

3. APPRECIATE GUIDANCE SOONEST.
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